



KENTUCKY RETIREMENT SYSTEMS

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Fiscal Year 2016 Statement on KRS Performance

The Kentucky Retirement Systems (KRS) has reported its preliminary unaudited year-end investment performance for fiscal year 2016 (July 1, 2015 through June 30, 2016). Final audited financial statements will be available in early December. Preliminary results indicate an overall decline in assets for all plans (pension and insurance). The Kentucky Employees Retirement System Non-hazardous (KERS Non-Haz) pension plan which has the lowest funded ratio, had an asset decline of approximately \$347 million (\$21 million related to investment returns and \$326 million driven by negative cash flows associated with employer contributions, and a 4 percent increase in the number of retirees and associated benefit payments).

The KRS total return on pension investments was -0.52 percent over the fiscal year trailing the benchmark which performed a positive 0.21 percent according to data released today by KRS.

The KERS Non-Haz pension plan was down -0.68 percent on the year, trailing its benchmark which was up 1.27 percent. The KERS hazardous pension plan fared slightly better at -0.24 percent, just shy of its benchmark which was down 0.20 percent.

The County Employee Retirement System (CERS), both hazardous and non-hazardous, saw a negative performance as well, performing -0.38 percent and -0.53 percent respectively, missing benchmarks of -0.27 percent and -0.29 percent.

The State Police Retirement System (SPRS) had an annual decline of -1.49 percent, trailing the benchmark which performed at 0.10 percent.

KRS long-run performance results are 3-yr. KRS 5.45; 5-yr. KRS 5.38; 10-yr. KRS 5.02; and 20-yr. KRS 6.94.

Fiscal year 2016 has been a difficult year for all capital market participants. The year was marked by extreme capital market volatility. The best performing asset classes were real estate, U.S. investment grade fixed income, private equity, and large-cap U.S. stocks. Asset classes which had a negative impact on returns were non-U.S. equities and absolute return. More detailed information on each system's asset allocation and benchmarks are available online at <http://tinyurl.com/hgor8wn>.

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